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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 0527
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
RUCNCIS/CIS COLLECTIVE PRIORITY
RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUEHAD/AMEMBASSY ABU DHABI PRIORITY 0280
RUEHAK/AMEMBASSY ANKARA PRIORITY 3571
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1389
RUEHKL/AMEMBASSY KUALA LUMPUR PRIORITY 0085
RUEHKO/AMEMBASSY TOKYO PRIORITY 1256
RUEHIT/AMCONSUL ISTANBUL PRIORITY 1825
RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY
RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

C O N F I D E N T I A L ASHGABAT 000405

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STATE FOR SCA/CEN, EEB
PLEASE PASS TO USTDA DAN STEIN
ENERGY FOR EKIMOFF/THOMPSON
COMMERCE FOR HUEPER

E.O. 12958: DECL: 03/31/2018
TAGS: [PREL](#) [EPET](#) [EINV](#) [TX](#)
SUBJECT: TURKMENISTAN: EXXONMOBIL MOVING SLOWLY

Classified By: CDA RICHARD E. HOAGLAND: 1.4 (B), (D)

¶1. (C) On March 28, ExxonMobil Caspian Area Manager Robert Young told the Charge that ExxonMobil is "struggling" to see whether there are any big, tough, challenging hydrocarbon production projects -- the type of project ExxonMobil does best -- in Turkmenistan. Things are going slowly, because there is not a good match-up between Turkmenistan's and ExxonMobil's organizational structures. In addition, ExxonMobil believes that Turkmenistan does not fully appreciate the fact that ExxonMobil is different from most of the mid-sized companies with which the country is currently dealing.

¶2. (C) Young indicated that ExxonMobil is looking at possibly doing work onshore. Offshore, there is little prospect of big operations because there is too much sand and not enough seals and structures. Onshore, the Murgab depression, located in southeastern Turkmenistan, is "interesting" -- there is a potential for big projects, sour gas, and difficult situations. Even though Minister of Oil and Gas Hojammedov told gas conference participants March 28 that "at the moment" Turkmenistan is only considering allowing foreign companies to work onshore in a service capacity, ExxonMobil is prepared to go slowly to rebuild the trust that it has been warned was lost when it withdrew from Turkmenistan in the 1990's. (NOTE: Prior to 2002, Mobil had an agreement to explore the right bank of the Amu Darya River (where China National Petroleum Corporation now has a production sharing agreement), and was considering the feasibility of producing gas for a proposed pipeline to China. After its merger with Exxon -- which had fields of its own in southwestern Turkmenistan south of Nebitdag (now Balkanabat), it opted to pull out, reportedly because a hole that Mobil had drilled was dry. Its departure reportedly left some in Turkmenistan, including the oil professional like Deputy Premier Tagiyev and Turkmengaz Chairman Kakayev, displeased. END NOTE.)

13. (C) COMMENT: ExxonMobil may face a steep uphill battle to land a contract for the Murgab basin. Chevron, too, is interested in working the same general area, and submitted a full-fledged bid March 11. With ExxonMobil far behind its competitor, its go-slow approach may hurt it, unless Chevron decides to withdraw its bid because the Government of Turkmenistan continues to reject the idea of offering a major oil company a contract to work onshore. END COMMENT.
HOAGLAND